

TOWN OF PEMBROKE  
APPROVED  
ADVISORY COMMITTEE MINUTES  
13 November 2017

Linda Peterson, Chairperson opened the meeting of the Advisory Committee in Pembroke Town Hall at 7:00PM on 13 November, 2017. Also present were Stephen Curley, Timothy Brennan, John G. Brown, Jr. Stephen Walsh, and Elizabeth Monks

**Absent:** James McCollum

Linda opened the meeting confirming the joint meeting with the Board of Selectmen tonight at 7:30PM. The committee agreed to begin the joint meeting with discussion topics in the following order:

1. Community Compact – Stephen Curley will not be available to attend the first meeting on December 4, 2017. Stephen Walsh and John Brown will plan to attend. Advisory will send an email to Sabrina Chilcott, Executive Assistant to the Board of Selectmen.
2. Pembroke's 5-10 year plan
3. Pembroke's Pension Liability Analysis Report

The committee also agreed to remind Ed Thorne, Town Administrator that Advisory will not be scheduling FY19 budget meetings with department heads but would be available to join Ed for his department head budget meetings.

Stephen Walsh read Halifax's 5 year plan and noted they have a Capital Plan Committee and that Advisory is represented on that committee. Linda said in Pembroke it's the Board of Selectmen. Stephen Walsh will represent Advisory on the Capital Building Committee and will keep the committee updated. He said getting grant money is the easy part; we don't have solid numbers for the cost of the proposed buildings. Advisory will send an email to Sabrina Chilcott, Executive Assistant to the Board of Selectmen to let her know Stephen Walsh will represent Advisory.

In reference to the Community Compact John Brown noted that as of today 314 towns have signed; this does not include Pembroke.

Upon motion moved by Stephen Curley and 2<sup>nd</sup> by Stephen Walsh the meeting minutes of November 6, 2017 was

**VOTED<sup>1</sup>:** To accept the meeting minutes of 06 November 2017. Timothy Brennan, John G. Brown, Stephen Walsh Jr. Elizabeth Monks supported the motion.

Advisory will not meet on Monday, November 20, 2017; their next meeting is scheduled for Monday, November 27, 2017 at 7:00pm.

Linda noted that the First Church of Pembroke is offering a free Thanksgiving meal; all are welcome.

The Advisory Committee adjourned to their joint meeting with the Board of Selectmen at 7:21pm.

The Board of Selectmen welcomed Advisory at 7:35pm. Linda opened the meeting stating it's a good opportunity to get together often. Tonight Advisory will use this time to discuss the following three topics:

<sup>1</sup>The Chairperson did not vote on these motion.

Pension consequences to the town of Pembroke; with the proposed new buildings, the Community Compact has implications and needs to get signed; the 5-10 year plan will be more of operations re: budget. Ed Thorne, Town Administrator noted that he invited Advisory to be part of the Community Compact study meeting that is scheduled for December 4, 2017. Linda noted that Stephen Curley is not available to attend but John Brown and Stephen Walsh will attend. Ed noted the program offers a range of programs such as technology upgrades which they're currently reviewing. Linda noted that Pembroke is the only town on the South Shore that has not signed; 314 towns have already signed the Community Compact.

Ed said in reference to a 5-10 year plan; it has been 4-5 years since we had one. We still have a 5 year plan update every year. Ed scheduled two Strategic Planning Retreats for department heads (November 15) and board and committee members (November 18).

Dan Trabuco noted that the Capital Funding Study Committee has a mission to look at recent "asks" for buildings. A permanent cap funding committee for all future uses for every department; will warf into that committee and take in "asks" and seek out departments. Linda asked "how are we going to get there"; we don't have the money to do everything. Dan Trabuco said he is the chairperson to of the Capital Funding Study Committee and the proposed new buildings for the DPW, Fire, and Police he will be accepting of all ideas. Lew Stone added to what Dan said noting this is a critical committee for the town to find funding; the town can only tax residents so much. He encouraged residents to come forward; they need to step up.

Timothy Brennan began his Pension Liability Analysis Presentation by thanking the Board of Selectmen. Tim said this is something to get excited about and it's important to plan for spending in the future and the town needs to fund plans that already exist.

- What does it mean – we face budget pressure crowding out other things; Pension and Healthcare costs are approximately 15-20% of the town's budget. In 2030 it will be over 30% of the town's budget. The focus tonight will be on Pension; healthcare is an unknown cost.
- Since 2010 Pembroke's unfunded liability has increased from \$19.5M to \$25.5M. Michael Buckley, Town Accountant noted that it's 1 ½ times that (40M) for healthcare. Tim said over the next 10 years Pembroke will be expected to pay 64% more toward pension obligations.
- Discount Rate: small changes in discount rate based on 8% discount rate. Plymouth County Retirement Association (PCRA) manages the money Pembroke put aside. PEREC advised PCRA to lower the discount rate ½%. Lew Stone asked Tim to explain. Tim said PEREC is the state governing body that oversees pensions.
- For the past two decades the PCRA fund has come up short actual vs. assumption. Lew Stone asked if the PCRA is consistently over estimating is there any oversight? Tim said he learned that PCRA is unaccountable to Pembroke taxpayers and elected officials. They're only accountable to retirees. Employer contributions have crept up because PCRA sets unrealistic expectations.
- Government Accounting Standard Board No.68 (GASB 68) required employers to record pension amounts in their financial statements starting with fiscal years ending 6/30/2015. Because the town is solely responsible for its financial statements it's suggested that the Town come up with a methodology and/or policy. Stephen Curley asked if our Accountant firm every asked for it. Michael Buckley, Town Accountant said he spoke with them today and was told we cannot be held responsible; only can rely on PCRA. Bill Boulter said "can't we put more money away". Michael Buckley said we can put more money away.

Next steps:

- Pembroke cannot rely on PCRA
- They should have a policy in place
- Explore alternatives

<sup>1</sup>The Chairperson did not vote on these motion.

- Stephen Curley noted that Plymouth is not part of the PCRA; they have their own pension as does Brockton. Arthur Boyle asked if it would be wise to get out of PCRA. Tim said the town should consider options available. Michael Buckley said we should look at getting out but not be amateur investors. Pembroke can consider joining the state plan; not sure if the Legislature would allow us but it's worth looking into. Tim said it's painful but the responsible thing to do is develop a plan. Stephen Curley noted that PCRA does not answer to the town; most members of this committee are stakeholders i.e. receiving a pension or eligible for a pension. Steve made note of Detroit as an example. Contract negotiations can have a long term effect for example adding the Paramedic stipend to salary; payroll goes up. Michael Buckley noted that the payroll tax increases 3-4% every year. PCRA can also add cost of living increases to pension recipients; this adds to the unfunded liability.
- Linda commented that the other elephant in the room is healthcare. In FY18 it went up 11%; another increase is expected this year. Stephen Curley noted that Mayflower mishandled it; smaller members have equal votes to Pembroke.
- Dan Trabuco asked Tim to explain "credit positive". Tim said as Pembroke is thinking about borrowing funds when lenders look at Pembroke's Balance Sheet if they see our balance sheet going down.
- Bill Boulter thanked Tim and Advisory. He wants to continue to discuss how we're going to come up with a plan and keep the discussion going with the right people.

Advisory adjourned from the Board of Selectmen's meeting at 8:30pm

Respectfully submitted,

Stephen Curley, Clerk

<sup>1</sup>The Chairperson did not vote on these motion.